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INDUSTRIAL REDEPLOYMENT TENDENCIES AND OPPORTUNITIES IN SWITZERLAND*

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FOREWORD

Within its research programme on redeployment and structural adjustment, UNIDO initiated, in 1976, a number of surveys on industrial redeployment potentials in selected developed countries. The present report summarizes the findings of a survey undertaken for UNIDO in the spring and summer of 1976 by Philippe Queyrane and Bruno Simma of the Industrial Consulting and Management Engineering Company (ICME) of Zurich. The purpose of the survey was twofold: to gain insight into the interest, motives and priorities of Swiss enterprises for redeploying industrial activities to a developing country and to identify major bottlenecks and constraints facing firms interested in redeployment.

The results of the survey are presented in four parts: methodology; analysis of findings; identification of redeployment opportunities; and conclusions and recommendations.

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I. INTRODUCTION

The Swiss industrial sector, which accounts for about 47 per cent of gross national product, has four main characteristics:

- It is highly specialized: One industrial group (machine and precision industries, including watches) accounts for 44 per cent of all enterprises and 45 per cent of all industrial employees;
- It is quality-oriented: Due to the high labour costs and the high degree of labour qualification, Swiss industry tends to manufacture goods in the early stage of the product cycle;
- Its productivity is very high: To overcome the shortage and high cost of labour, automation is highly developed;
- It is export-oriented: On the average, 75 per cent of the machine and instrument production is exported, with industrial goods accounting for 94 per cent of all Swiss exports.

The high degree of specialization and technological sophistication of Swiss industry has been achieved by a continuous process of structural change through which industrial production has been adapted to prevailing economic conditions and international market requirements. It is against this background that past and future industrial redeployment should be viewed.

For the purpose of this study, the industrial branches have been divided into six major groups:

Group 1: Machinery, heavy metallurgical products and equipment
- Machine tools;
- Textile machines;
- Agriculture and construction machines;
- Welding equipment;
- Pumps and hydraulic equipment;
- Wires and cables;
- Heavy vehicles and lifts.

Group 2: Precision industry
- Watches and watch parts;
- Industrial and scientific timepieces;

- Instruments and metres;
- Electronic equipment;
- Fine mechanical products;
- Cutting and surface treatment;
- Jewellery.

Group 3: Light industry and consumer goods

- Small electric machines;
- Wood and handicrafts;
- All consumer goods not included in other groups.

Group 4: Textiles, clothing and footwear

- Spinning and weaving;
- Clothing;
- Leather and leather goods;
- Footwear.

Group 5: Food, beverages and tobacco

- Food preparations and preserves;
- Beer and soft drinks;
- Confectionery, chocolate;
- Tobacco, cigars and cigarettes.

Group 6: Petroleum, chemical and pharmaceutical products

- Petrol and other petroleum products;
- Agro-chemicals, dyes, rubber;
- Pharmaceuticals.

A total sample of 500 enterprises, representing nearly 5 per cent of all Swiss industrial enterprises and 24 per cent of all industrial employees (Table 1), was selected. In order to differentiate between large- and small-scale businesses, two groups of enterprises were considered in each industrial branch: "large" enterprises with more than 1,000 employees and "medium and small"-scale enterprises with less than 1,000 employees. Questionnaires were sent to the 500 sample enterprises. In addition, 77 special questionnaires were sent to selected manufacturers' associations, public organizations and service enterprises chosen for their experience and knowledge in matters related to redeployment or to a specific industrial sector. The questionnaires were deliberately condensed and tightly worded so as to obtain a satisfactory response ratio. The response ratio was 38 per cent (Table 1), though the response ratio varied from sub-sector to sub-sector. However, the overall response corresponded

Table 1. The structure of Swiss industry and the sample of enterprises surveyed

Industrial groups	Number of industrial enterprises[a]	Total employees in Switzerland[a]	Total employees in sample enterprises		Questionnaires sent		Questionnaires returned		Answer ratio
	Percentage	Number	Number	% of branch	Number	Percentage	Number	Percentage	Percenrage
1. Machinery, heavy metallurgical products and equipment	33	362,378	60,747	17	196	40	56	30	29
2. Precision industry	11	68,260	36,628	54	72	14	35	18	49
3. Light and consumer goods	23	132,322	24,232	18	101	20	52	27	51
4. Textiles, clothing and footwear	19	99,876	8,534	9	59	12	20	10	34
5. Food, beverages and tobacco	7	58,143	14,883	26	40	8	14	7	35
6. Petroleum, chemical and pharmaceutical products	7	84,058	46,424	55	32	6	15	8	47
All groups	100	805,037	191,448	24	500	100	192	100	38

a/ Source: Computed from the Swiss Association of Trade and Industry, Zurich, Annual Report 1974.

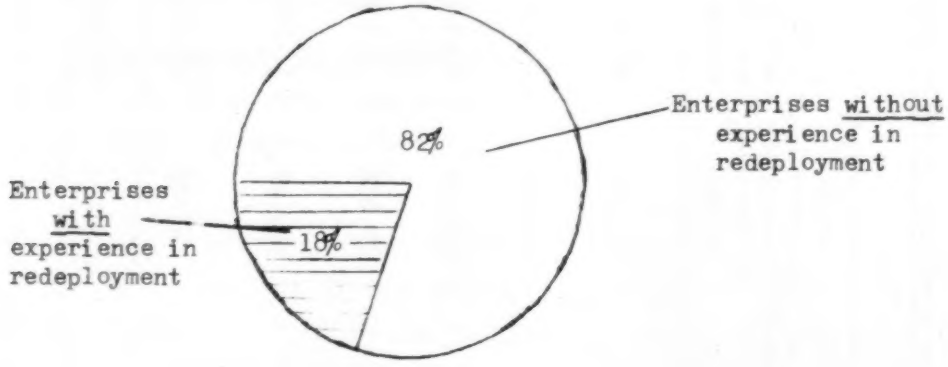
satisfactorily to the national breakdown and can be considered adequately representative (Table 1). Discrepancies are due to the fact that certain enterprises can be classified under different sub-sectors. The written responses to the questionnaires were then supplemented by personal interviews.

On the basis of the questionnaires and the consultants' experience, 48 enterprises were selected for personal, in-depth interviews at the top management level. The information obtained (often of a confidential nature) and comments made during these interviews contributed very significantly to this survey. The practical suggestions emanating from this survey owe a great deal to these personal exchanges of views.

II. ANALYSIS OF FINDINGS

The survey of redeployment experiences of Swiss firms (Table 2) revealed:

- 18 per cent of enterprises have redeployed physical units;



- 39 per cent of large enterprises have at least one previous experience versus only 9 per cent for medium/small firms;
- Whereas industrial Groups 1, 2, 3 and 5 can be considered as average, Groups 4 and 6 stand out at, respectively, the low and high ends of the scale (15 per cent redeployment experience in Group 4 and 47 per cent redeployment experience in Group 6);
- Group 6 has a far greater experience in redeployment than any other group. This can be explained by the high degree of

Table 2. Enterprises with or without redeployment experience

(By size and group)[a/]

Industrial groups	Large enterprises				Medium/small enterprises				All enterprises					
	Experience		No experience		Experience		No experience		Experience		No experience		Total	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
1. Machinery, heavy metallurgical products and equipment	8	35	15	65	1	3	32	97	9	16	47	84	56	100
2. Precision industry	4	33	8	67	3	14	20	86	7	20	28	80	35	100
3. Light and consumer goods	1	14	6	86	6	14	39	86	7	13	45	87	52	100
4. Textiles, clothing and footwear	1	100	0	0	0	0	19	100	1	15	19	95	20	100
5. Food, beverages and tobacco	3	43	4	57	0	0	7	100	3	21	11	79	14	100
6. Petroleum, chemical and pharmaceutical products	5	83	1	17	2	22	7	78	7	47	8	53	15	100
Total	22	39	34	61	12	9	124	91	34	18	158	82	192	100

a/ Figures based on number of questionnaires returned.

concentration and the size and multinational nature of most enterprises in this group. The limited redeployment experience found in Group 4 is partly due to the fact that the clothing industry is, generally, already well established in most developing countries;

- 81 per cent of the redeployment experiences took place since 1950 and 62 per cent since 1960; 24 per cent of all experiences occurred between 1970 and 1974, as is shown in Table 3.

It is clear that the economic recession experienced in Switzerland since the second half of 1974 has negatively influenced the decisions of entrepreneurs to redeploy their production potential, despite the fact that it is not being utilized at full capacity.

Interest for redeployment by Swiss firms, which is presented in full in Table 4, shows:

- Overall, 35 per cent of the enterprises surveyed intended to redeploy and/or predicted an interest in redeployment within the next two to five years. Again, large enterprises showed a greater tendency, with 55 per cent positive responses against 26 per cent for medium/small-sized businesses. Only 29 per cent of the large enterprises in Group 3 responded in favour of redeployment;
- The sub-sectors most interested in redeployment are those in Groups 4 (46 per cent) and 6 (40 per cent). In the latter group, 100 per cent of the large enterprises indicated interest;
- The least interest was shown by branches in Group 3 with 21 per cent.

Reasons given for redeployment, quantified in Tables 5 and 6, included the following:

- 69 per cent of all firms willing to redeploy gave "easier access to market", 52 per cent indicated the "appreciation of the Swiss franc", and 42 per cent "lower labour costs in developing countries" as reasons for redeployment. These three reasons accounted for 77 per cent of all submissions made;
- The "easier access to market" was quoted by 83 per cent of medium and small enterprises versus only 52 per cent for large enterprises. All other reasons were, generally speaking, equally quoted by both size groups;
- Group 3 is well below average (25 per cent) for "appreciation of Swiss franc" and "lower labour costs in developing countries",

Table 3. Redeployment projects implemented[a/] by 21 enterprises, 1930-1976

Year	Projects	Year	Projects	Year	Projects	Year	Projects	Year	Projects
1930	1	1940	-	1950	1	1960	2	1970	5
1931	1	1941	1	1951	-	1961	2	1971	-
1932	-	1942	-	1952	2	1962	6	1972	-
1933	-	1943	-	1953	2	1963	4	1973	3
1934	-	1944	-	1954	1	1964	2	1974	3
1935	1	1945	1	1955	1	1965	-	1975	1
1936	-	1946	-	1956	-	1966	1	1976	2
1937	1	1947	2	1957	2	1967	2		
1938	-	1948	1	1958	2	1968	2		
1939	-	1949	2	1959	-	1969	1		
Total 1930-1939	4	Total 1940-1949	7	Total 1950-1959		Total 1960-1969	22	Total 1970-1976	14

Source: ICME Survey on redeployment opportunities in Switzerland.

a/ Capital transfers, all industrial sub-sectors.

but well above (81 per cent) for "easier access to market". Group 2 is well above average (88 per cent) for "appreciation of Swiss franc" while 83 per cent of Group 4 respondents indicated "lower labour costs in developing countries";

- A significant number of submissions (50 per cent) made by Group 4 indicated shortage of labour in Switzerland;
- It should be noted that none of the enterprises indicated any special concern about maintaining competitiveness on the Swiss market.

Reasons given for not redeploying (see Tables 7 and 8) include the following:

- The most quoted reason for not intending/willing to redeploy, which accounted for 35 per cent of all submissions made, was "inferior quality of labour and production" in developing countries. Medium and small enterprises quoted this reason more frequently (37 per cent) than large enterprises (22 per cent);

Table 4. Enterprises interested in redeploying
(By size and group)[a/]

Industrial groups	Large enterprises			Medium and small enterprises			All enterprises		
	Sample	Interested	Percentage	Sample	Interested	Percentage	Sample	Interested	Percentage
1. Machinery, heavy metallurgical products and equipment	23	12	52	33	8	24	56	20	36
2. Precision industry	12	7	58	23	9	39	35	16	46
3. Light and consumer goods	7	2	29	45	14	31	52	16	31
4. Textiles, clothing and footwear	1	1	100	19	5	26	20	6	30
5. Food, beverages and tobacco	7	3	43	7	0	0	14	3	21
6. Petroleum, chemical and pharmaceutical products	6	6	100	9	0	0	15	6	40
Total	56	31	55	136	36	26	192	67	35

a/ Figures based on questionnaires returned.

Table 5. Reasons for redeployment
(By size of enterprise)[a/]

Reasons	Large enterprises		Medium and small enterprises		Total	
	Number	Percentage	Number	Percentage	Number	Percentage
Easier access to market(s)	16	52	30	83	46	69
Appreciation of Swiss franc	14	45	21	58	35	52
Lower labour costs in developing countries	13	42	15	42	28	42
Geopolitical responsibilities	5	16	5	14	10	15
Shortage of labour in Switzerland	2	6	7	19	9	13
Import restrictions in developing countries	2	6	4	11	6	9
High transport costs	1	3	3	8	4	6
Diversification policy	1	3	-	-	1	1
Saturation of Swiss market	-	-	1	3	1	1
Lower cost of raw materials	1	3	-	-	1	1
Lower corporate taxation	-	-	1	3	1	1
Enterprises	31	46	36	54	67	100

a/ Figures based on number of questionnaires returned from enterprises willing to redeploy.

Table 6. Reasons for redeployment

(By industrial group)[a]

Reasons	Industrial groups[b]													
	1		2		3		4		5		6		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Easier access to market(s)	13	65	11	69	13	81	3	50	1	33	5	3	46	69
Appreciation of Swiss franc	11	55	14	88	4	25	3	50	-	-	3	50	35	52
Lower labour costs in developing countries	9	45	9	56	4	25	5	83	-	-	1	7	28	42
Geopolitical responsibilities	2	10	2	13	4	25	-	-	1	33	1	17	10	15
Shortage of labour in Switzerland	3	15	3	19	-	-	3	50	-	-	-	-	9	13
Import restrictions in developing countries	1	5	2	13	1	6	-	-	-	-	1	17	6	9
High transport costs	2	10	-	-	3	19	-	-	-	-	-	-	4	6
Diversification policy	-	-	-	-	1	6	-	-	-	-	-	-	1	1
Saturation of Swiss market	-	-	-	-	1	6	-	-	-	-	-	-	1	1
Lower cost of raw materials	-	-	-	-	-	-	-	-	-	-	-	17	1	1
Lower corporate taxation	-	-	1	6	-	-	-	-	-	-	-	-	1	-
Enterprises	20	100	16	100	16	100	6	100	3	100	6	100	67	100

a/ Figures based on number of questionnaires returned from enterprises willing to redeploy.

b/ 1. Machinery, heavy metallurgical products and equipment;

2. Precision industry;

3. Light and consumer goods;

4. Textiles, clothing and footwear;

5. Food, beverages and tobacco;

6. Petroleum, chemical and pharmaceutical products.

Table 7. Reasons against redeployment
(By size of enterprise)[a]

Reasons	Large enterprises		Medium and small enterprises		Total	
	Number	Percentage	Number	Percentage	Number	Percentage
Inferior quality of labour and production	2	22	17	37	19	34
High political and economic risk	2	22	5	11	7	13
Excess production capacity in Switzerland	2	22	5	11	7	13
Too small enterprise	-	-	6	13	6	11
Communications/distance	2	22	3	7	5	9
High transport costs due to weight/volume	-	-	3	7	3	5
Small size of developing country markets	1	11	2	4	3	5
Importance of "Swiss-made" label	1	11	1	2	2	4
Large capital outlay needed	-	-	2	4	2	4
Lack of infrastructure in developing countries	-	-	2	4	2	4
Production not suited to redeployment	1	11	1	2	2	4
Language/mentality problems	-	-	2	4	2	4
Difference in standards	-	-	1	2	1	2
High degree of mechanization	1	11	-	-	1	2
Production in small series only	-	-	1	2	1	2
Risk of unemployment in Switzerland	1	11	-	-	1	2
Short-term deliveries	-	-	1	2	1	2
Climate	1	11	-	-	1	2
Industry exists in developing countries	1	11	-	-	1	2
Insufficient financial resources	-	-	1	2	1	2
No prospects	1	11	-	-	1	2
Enterprises	9	16	46	84	55	100

a/ Figures based on number of questionnaires from enterprises not interested in redeployment.

Table 8. Reasons against redeployment

(By industrial group)[a]

Reasons	Industrial groups[b]												Total	
	1		2		3		4		5		6[c]			
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Inferior quality of labour and production	6	38	4	40	5	33	4	36	-	-	-	-	19	35
High political and economic risk	1	6	1	10	1	7	4	36	-	-	-	-	7	13
Excess production capacity in Switzerland	-	-	2	20	4	27	1	9	-	-	-	-	7	13
Too small enterprise	2	13	2	20	-	-	2	18	-	-	-	-	6	11
Communications/distance	-	-	4	40	-	-	1	9	-	-	-	-	5	9
High transport costs due to weight/volume	2	13	-	-	1	7	-	-	-	-	-	-	3	5
Small size of developing country markets	1	6	-	-	2	13	-	-	-	-	-	-	3	5
Importance of "Swiss-made" label	-	-	-	-	-	-	1	9	1	33	-	-	2	4
Large capital outlay needed	-	-	-	-	-	-	2	18	-	-	-	-	2	4
Lack of infrastructure in developing countries	1	6	-	-	-	-	1	9	-	-	-	-	2	4
Production not suited to redeployment	1	6	-	-	1	7	-	-	-	-	-	-	2	4
Language/mentality problems	1	6	-	-	1	7	-	-	-	-	-	-	2	4
Difference in standards	1	6	-	-	-	-	-	-	-	-	-	-	1	2
High degree of mechanization	-	-	1	10	-	-	-	-	-	-	-	-	1	2
Production in small series only	-	-	1	10	-	-	-	-	-	-	-	-	1	2
Risk of unemployment in Switzerland	-	-	-	-	1	7	-	-	-	-	-	-	1	2
Short-term deliveries	-	-	-	-	-	-	1	9	-	-	-	-	1	2
Climate	-	-	-	-	-	-	-	-	1	33	-	-	1	2
Industry exists in developing countries	-	-	-	-	-	-	-	-	1	33	-	-	1	2
Insufficient financial resources	-	-	-	-	-	-	1	9	-	-	-	-	1	2
No prospects	1	6	-	-	-	-	-	-	-	-	-	-	1	2
Enterprises	16	100	10	100	15	100	11	100	3	100	-	-	55	100

a/ Figures based on number of questionnaires from enterprises not interested in redeployment.

b/ 1. Machinery, heavy metallurgical products and equipment;
2. Precision industry;
3. Light and consumer goods;
4. Textiles, clothing and footwear;
5. Food, beverages and tobacco;
6. Petroleum, chemical and pharmaceutical products.

c/ No reasons given.

- "High political and economic risk" ranked second together with "Excess production capacity", with 13 per cent of submissions each. Large enterprises appeared to be more sensitive to the assumed risk than medium and small businesses;
- 13 per cent of medium and small firms (11 per cent of total firms) considered their business too small to engage in redeployment activities;
- 9 per cent of firms quoted "transport costs" as a major consideration and 4 per cent stressed the importance of the "Swiss-made" label for their products.

The following obstacles and constraints were mentioned by the firms (see Tables 9 and 10):

- "Customs and import restrictions" in developing countries[1/] accounted for 53 per cent of submissions, "state intervention in the economy" for 50 per cent, and "lack of labour qualification" for 50 per cent. This problem was a major concern for 59 per cent of medium and small, and 42 per cent of large, enterprises. However, large businesses were more concerned with "customs and import restrictions" (63 per cent), "political instability" (58 per cent) and "administration/bureaucracy" (53 per cent) than medium and small businesses (41 per cent, 29 per cent and 29 per cent, respectively);
- "Restrictions to transfers of profit from developing countries" was a common complaint for both size groups (42 per cent of submissions), but it seems that Group 6 is particularly sensitive to this problem (80 per cent). On the other hand, only 25 per cent and 27 per cent in Groups 2 and 3, respectively, considered restrictions to capital transfers as a problem. Group 1 is more sensitive to "administration/bureaucracy", "State intervention in the economy" and "customs/import restrictions" than all other groups.

There was a clear consensus over the fact that the most appropriate source of information and/or assistance in the execution of a redeployment project is, generally, the Government of the recipient developing country (see Tables 11 and 12). 88 per cent of all enterprises indicated this source, versus 52 per cent for their home bank, 40 per cent for the Swiss Export Promotion Council (OSEC),

1/ Restrictions to the import of raw materials/spare parts/technology, etc., needed for production in the recipient country.

Table 9. Major obstacles/constraints encountered in redeployment projects
(By size of enterprise)[a/]

Obstacles and constraints	Large enterprises		Medium and small enterprises		Total	
	Number	Percentage	Number	Percentage	Number	Percentage
Customs/import restrictions in developing countries	12	63	7	41	19	53
Low labour qualification	8	42	10	59	18	50
State intervention	11	58	7	41	18	50
Political instability	11	58	5	29	16	44
Restrictions to profit transfers	8	42	7	41	15	42
Administration/ bureaucracy	10	53	5	29	15	42
Financing	6	32	5	29	11	31
Suitability of local partners	3	16	7	41	10	28
Market size	4	21	3	18	7	19
Standards	1	5	3	18	4	11
Consumer habits	-	-	3	18	3	8
Patents	3	16	-	-	3	8
Co-ordination with headquarters	-	-	2	12	2	6
Trade unions in developing countries	-	-	1	6	1	3
Enterprises	19	100	17	100	36	100

a/ Figures based on the number of questionnaires returned by enterprises with redeployment experience.

Table 10. Major obstacles/constraints encountered in redeployment projects

(By industrial group)[a]

Obstacles/constraints	Industrial groups[b]													
	1		2		3		4[c]		5		6		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Customs/import restrictions in developing countries	8	80	3	38	5	45	-	-	-	-	3	60	19	53
Low labour qualification	5	50	6	75	5	45	-	-	-	-	2	40	18	50
State intervention	7	70	4	50	4	36	-	-	1	50	2	40	18	50
Political instability	6	60	3	38	4	36	-	-	-	-	3	60	16	44
Restrictions to profit transfers	6	60	2	25	3	27	-	-	-	-	4	80	15	42
Administration/bureaucracy	6	60	3	38	4	36	-	-	-	-	2	40	15	42
Financing	4	40	2	25	3	27	-	-	2	100	-	-	11	31
Local partners	2	20	3	38	5	45	-	-	-	-	-	-	10	28
Market size	1	10	3	38	2	18	-	-	1	50	-	-	7	19
Standards	2	20	1	13	1	9	-	-	-	-	-	-	4	11
Consumer habits	1	10	-	-	2	18	-	-	-	-	-	-	3	8
Patents	2	20	-	-	-	-	-	-	-	-	1	20	3	8
Co-ordination with headquarters	-	-	-	-	2	18	-	-	-	-	-	-	2	6
Trade unions in developing countries	-	-	1	13	-	-	-	-	-	-	-	-	1	3
Enterprises	10	100	8	100	11	100	-	-	2	100	5	100	36	100

a/ Figures based on the number of questionnaires returned from enterprises with redeployment experience.

b/ 1. Machinery, heavy metallurgical products and equipment;
2. Precision industry;
3. Light and consumer goods;
4. Textiles, clothing and footwear;
5. Food, beverages and tobacco;
6. Petroleum, chemical and pharmaceutical products.

c/ No submission made.

Table 11. Preferred sources of information/assistance
(By size of enterprise)[a]

Sources of information/ assistance	Large enterprises		Medium and small enterprises		Total	
	Number	Percentage	Number	Percentage	Number	Percentage
Government of the developing country	20	91	37	86	57	88
Home bank	9	41	25	58	34	52
OSEC[b]	7	32	19	44	26	40
UNIDO	6	27	13	30	19	29
Swiss Government	6	27	13	30	19	29
Vorort[c]	6	27	13	30	19	29
World Bank	1	5	7	16	8	12
International organizations (not specified)	3	14	3	7	6	9
Andean Pact	2	9	3	7	5	8
Local partner(s)	-	-	2	5	2	3
EC	2	9	-	-	2	3
EFTA	2	9	-	-	2	3
UNCTAD	-	9	2	5	2	3
Personal contacts	1	5	-	-	1	2
ILO	1	5	-	-	1	2
UNDP	-	-	1	2	1	2
LAFTA	1	5	-	-	1	2
United Nations Economic Commissions	-	-	1	2	1	2
Developing country investment promotion boards	-	-	1	2	1	2
Chambers of Commerce in developing countries	-	-	1	2	1	2
Swiss Manufacturers' Associations	1	5	-	-	1	2
Enterprises	24	100	43	100	65	100

a/ Figures based on the number of questionnaires returned.

b/ Swiss Export Promotion Council.

c/ Swiss Association of Trade and Industry.

Table 12. Preferred sources of information/assistance for redeployment projects
(By industrial group)[a]

Sources of information/assistance	Industrial groups[b]													
	1		2		3		4		5		6		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Government of the developing country	15	88	14	88	15	83	5	83	2	100	6	100	57	88
Home bank	11	65	7	44	10	56	2	33	-	-	4	67	34	52
OSEC[c]	5	29	6	38	11	51	2	33	-	-	2	33	26	40
UNIDO	7	41	4	25	5	28	3	50	-	-	2	-	19	29
Swiss Government	6	35	4	25	7	39	2	33	-	-	-	-	19	29
Vorort[d]	4	23	6	38	7	39	2	33	-	-	-	-	19	29
World Bank	4	23	1	6	3	17	-	-	-	-	-	-	8	12
International organizations (not specified)	2	12	1	6	1	6	-	-	1	50	1	17	6	9
Andean Pact	-	-	3	19	1	6	-	-	-	-	1	17	5	8
Local partner(s)	-	-	1	6	-	-	-	-	-	-	1	17	2	3
EC	-	-	1	6	-	-	-	-	-	-	1	17	2	3
EFTA	-	-	1	6	-	-	-	-	-	-	1	17	2	3
UNCTAD	1	6	-	-	1	6	-	-	-	-	-	-	2	3
Personal contacts	1	6	-	-	-	-	-	-	-	-	-	-	1	2
ILO	-	-	1	6	-	..	-	-	-	-	-	-	1	2
UNDP	-	-	1	6	-	-	-	-	-	-	-	-	1	2
LAFTA	-	-	1	6	-	-	-	-	-	-	-	-	1	2
United Nations Economic Commissions	-	-	1	6	-	-	-	-	-	-	-	-	1	2
Developing country investment promotion boards	-	-	1	6	-	-	-	-	-	-	-	-	1	2
Chambers of Commerce in developing countries	-	-	-	-	1	6	-	-	-	-	-	-	1	2
Swiss Manufacturers' Associations	-	-	-	-	-	-	-	-	-	-	1	17	1	2
Enterprises	17	100	16	100	18	100	6	100	2	100	6	100	65	100

a/ Figures based on the number of questionnaires returned.

b/ 1. Machinery, heavy metallurgical products and equipment; 2. Precision industry; 3. Light and consumer goods; 4. Textiles, clothing and footwear; 5. Food, beverages and tobacco; 6. Petroleum, chemical and pharmaceutical products.

c/ Swiss Export Promotion Council.

d/ Swiss Association of Trade and Industry.

and 29 per cent for UNIDO. The latter organization was quoted by 50 per cent of the enterprises in Group 4 and 41 per cent in Group 1, but is not mentioned at all in Groups 5 and 6. Differences of opinion between large and medium/small enterprises on this question are negligible.

In the context of future redeployment projects, a broad consensus also existed on the most eligible recipient countries. (See Tables 13 and 14)and **Five countries stand out as the most frequently mentioned:** Brazil (by 58 per cent of the enterprises), Iran (42 per cent), Egypt (36 per cent), Saudi Arabia (30 per cent), Mexico and Indonesia (22 per cent each). In all, 44 countries are quoted at least once. Generally speaking, the selected countries can be classified into three major groups:

(i) The large Latin American states: Brazil, Mexico, Venezuela, Argentina and Colombia;

(ii) The oil-producing countries of the Middle East, Indonesia and Nigeria;

(iii) North Africa: Egypt, Algeria, Morocco and Tunisia.

India and the Philippines, which are obviously two large markets, were also frequently mentioned. There does not appear to be a marked preference for any country group by any particular industrial group.

Reasons given for site selection, presented in full in Tables 15 and 16, included the following:

- "Market size" was indicated by 63 per cent of the enterprises as the principal reason for selecting a country for redeployment. The proportion is higher for large businesses (81 per cent) than for medium and small businesses (51 per cent);
- Second comes "relative political stability", with an overall score of 32 per cent. This is a major concern for medium and small enterprises (37 per cent);
- 40 per cent overall and 37 per cent of medium and small businesses mentioned "development potential";
- It is also interesting to note that large enterprises never mentioned "personal contacts", whereas 9 per cent of smaller firms gave this reason. The same applies to "free capital transfers", where 11 per cent of the smaller firms gave this reason;
- Surprising is the fact that "cost of labour" was mentioned only by Group 2 (24 per cent of Group 2);
- "Government incentives" was mentioned only once.

Table 13. Countries selected for redeployment
(By size of enterprise)[a/]

	Large enterprises		Medium and small enterprises		Total	
	Number	Percentage	Number	Percentage	Number	Percentage
Brazil	15	63	22	55	37	58
Iran	12	50	15	38	27	42
Egypt	8	33	15	38	23	36
Saudi Arabia	8	33	11	28	19	30
Mexico	7	29	7	18	14	22
Indonesia	5	21	9	23	14	22
Algeria	5	21	7	18	12	19
Nigeria	6	25	6	15	12	19
Kuwait	5	21	6	15	11	17
Venezuela	2	8	9	23	11	17
India	5	21	5	13	10	16
Argentina	3	13	6	15	9	14
Philippines	2	8	7	18	9	14
Morocco	3	13	5	13	8	13
Tunisia	-	-	7	18	7	11
Singapore	2	8	4	10	6	9
Colombia	1	4	5	13	6	9
Bahrain	4	17	1	3	5	8
Iraq	2	8	3	8	5	8
Federation of Arab Emirates	3	13	2	5	5	8
Ivory Coast	1	4	3	8	4	6
Malaysia	1	4	3	8	4	6
Ecuador	2	8	1	3	3	5
Korea, Republic of	1	4	2	5	3	5
Libya	1	4	2	5	3	5
Qatar	3	13	-	-	3	5
Bangladesh	-	-	2	5	2	3
Chile	1	4	1	3	2	3
Otherasia	1	4	1	3	2	3
Gabon	1	4	1	3	3	5
Kenya	1	4	1	3	3	5
Lebanon	-	-	2	5	2	3
Peru	1	4	1	3	2	3
Syria	1	4	1	3	2	3
Tanzania	-	-	2	6	2	3
Thailand	2	8	-	-	2	3
Turkey	1	4	1	3	2	3
Zaire	2	8	-	-	2	3
Bolivia	1	4	-	-	1	2
Costa Rica	1	4	-	-	1	2
Ghana	1	4	-	-	1	2
Jordan	-	-	1	3	1	2
Mauritius	-	-	1	3	1	2
Uruguay	-	-	1	3	1	2
Enterprises	24	100	40	100	64	100

a/ Figures based on the number of submissions made for each country.

Table 14. Countries selected for redeployment

(By industrial group)[a]

Countries	Industrial groups[b]													
	1		2		3		4		5		6		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Brazil	11	69	13	87	7	37	3	42	2	67	1	25	37	58
Iran	8	50	2	13	11	58	2	28	1	33	3	75	27	42
Egypt	6	38	2	13	9	47	3	42	1	33	2	50	23	36
Saudi Arabia	5	31	1	7	10	53	1	14	2	67	-	-	19	30
Mexico	3	19	5	33	2	11	1	14	2	67	1	25	14	22
Indonesia	2	13	5	33	3	16	-	-	1	33	3	75	14	22
Algeria	4	25	3	20	3	16	1	14	1	33	-	-	12	19
Nigeria	4	25	3	20	2	11	1	14	2	67	1	25	12	19
Kuwait	3	19	-	-	5	26	1	14	2	67	-	-	11	17
Venezuela	3	19	1	7	5	26	1	14	-	-	1	25	11	17
India	3	19	4	27	3	16	-	-	-	-	-	-	10	16
Argentina	1	6	3	20	3	16	1	14	1	33	-	-	9	14
Philippines	1	6	4	27	2	11	-	-	1	33	1	25	9	14
Morocco	3	19	-	-	2	11	2	28	1	33	-	-	8	13
Tunisia	-	-	-	-	3	16	4	57	-	-	-	-	7	11
Singapore	2	13	3	20	-	-	1	14	-	-	-	-	6	9
Colombia	-	-	2	13	1	5	2	28	-	-	1	25	6	9
Bahrain	2	13	-	-	2	11	-	-	1	33	-	-	5	8
Iraq	2	13	1	7	2	11	-	-	-	-	-	-	5	8
Federation of Arab Emirates	1	6	-	-	2	11	1	14	1	33	-	-	5	8
Ivory Coast	2	13	-	-	1	5	1	14	-	-	-	-	4	6
Malaysia	-	-	2	13	2	11	-	-	-	-	-	-	4	6
Ecuador	-	-	1	7	1	5	-	-	-	-	1	25	3	5

a/ Figures based on the number of submissions made for each country.

b/ 1. Machinery, heavy metallurgical products and equipment;
2. Precision industry;
3. Light and consumer goods;
4. Textiles, clothing and footwear;
5. Food, beverages and tobacco;
6. Petroleum, chemical and pharmaceutical products.

Table 14. Countries selected for redeployment (continued)

(By industrial group)[a]

Countries	Industrial groups[b]													
	1		2		3		4		5		6		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Korea, Republic of	-	-	2	13	-	-	-	-	-	-	1	25	3	5
Libya	1	6	-	-	2	11	-	-	-	-	-	-	3	5
Qatar	1	6	-	-	1	5	-	-	1	33	-	-	3	5
Bangladesh	1	6	1	7	-	-	-	-	-	-	-	-	2	3
Chile	-	-	1	7	-	-	-	-	-	-	1	25	2	3
Otherania	1	6	-	-	1	5	-	-	-	-	-	-	2	3
Gabon	1	6	-	-	1	5	-	-	-	-	-	-	2	3
Kenya	-	-	1	7	1	5	-	-	-	-	-	-	2	3
Lebanon	-	-	-	-	1	5	1	14	-	-	-	-	2	3
Peru	1	6	-	-	-	-	-	-	-	-	1	25	2	3
Syria	-	-	-	-	1	5	-	-	1	33	-	-	2	3
Tanzania	-	-	-	-	2	11	-	-	-	-	-	-	2	3
Thailand	2	13	-	-	-	-	-	-	-	-	-	-	2	3
Turkey	-	-	-	-	1	5	1	14	-	-	-	-	2	3
Zaire	1	6	1	7	-	-	-	-	-	-	-	-	2	3
Bolivia	1	6	-	-	-	-	-	-	-	-	-	-	1	2
Costa Rica	-	-	-	-	-	-	-	-	-	-	1	25	1	2
Ghana	-	-	-	-	-	-	-	-	1	33	-	-	1	2
Jordan	-	-	-	-	-	-	1	14	-	-	-	-	1	2
Mauritius	-	-	1	7	-	-	-	-	-	-	-	-	1	2
Uruguay	-	-	1	7	-	-	-	-	-	-	-	-	1	2

a/ Figures based on the number of submissions made for each country.

b/ 1. Machinery, heavy metallurgical products and equipment;
2. Precision industry;
3. Light and consumer goods;
4. Textiles, clothing and footwear;
5. Food, beverages and tobacco;
6. Petroleum, chemical and pharmaceutical products.

Table 15. Reasons for selecting countries for redeployment
(By size of enterprise)[a/]

Reasons	Large enterprises		Medium and small enterprises		Total	
	Number	Percentage	Number	Percentage	Number	Percentage
Market size	17	81	18	51	35	63
Relative political stability	5	24	13	37	18	32
Development potential	4	19	13	37	17	30
Protected market	4	19	4	11	8	14
Availability of labour	3	14	4	11	7	13
Export opportunities in region	2	10	4	11	6	11
Infrastructure	1	5	4	11	5	9
Cost of labour	1	5	3	9	2	4
Free capital transfers	-	-	4	11	4	7
Geographical location	1	5	3	9	4	7
Personal contacts	-	-	3	9	3	5
Climate	1	5	2	6	3	5
Availability of raw materials	1	6	1	3	2	4
Financial resources	1	5	-	-	1	2
Economic liberalism	1	5	-	-	1	2
Government incentives	1	5	-	-	1	2
Languages	-	-	1	3	1	2
Enterprises	21	100	35	100	56	100

a/ Figures based on the number of submissions.

Table 16. Reasons for selecting countries for redeployment

(By industrial group)[a/]

Reasons	Industrial groups[b/]													
	1		2		3		4		5		6		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Market size	8	73	13	76	5	33	3	60	2	67	4	80	35	63
Relative political stability	4	36	4	24	4	27	3	60	1	33	2	40	18	32
Development potential	4	36	4	24	7	47	1	20	-	-	1	20	17	30
Protected market	4	36	2	12	1	7	-	-	-	-	1	20	8	14
Availability of labour	2	18	2	12	2	13	1	20	-	-	-	-	7	13
Export opportunities in region	1	9	2	12	2	13	1	20	-	-	-	-	6	11
Infrastructure	1	9	2	12	2	13	-	-	-	-	-	-	5	9
Cost of labour	-	-	4	24	-	-	-	-	-	-	-	-	4	7
Free capital transfers	-	-	1	6	3	20	-	-	-	-	-	-	4	7
Geographical location	1	9	1	6	1	7	1	20	-	-	-	-	4	7
Personal contacts	1	9	-	-	2	13	-	-	-	-	-	-	3	5
Climate	1	9	-	-	2	13	-	-	-	-	-	-	3	5
Availability of raw materials	2	18	-	-	-	-	-	-	-	-	-	-	2	4
Financial resources	1	9	-	-	-	-	-	-	-	-	-	-	1	2
Economic liberalism	1	9	-	-	-	-	-	-	-	-	-	-	1	2
Government incentives	-	-	1	6	-	-	-	-	-	-	-	-	1	2
Languages	-	-	-	-	1	7	-	-	-	-	-	-	1	2
Enterprises	11	100	17	100	15	100	5	100	3	100	5	100	56	100

a/ Figures based on the number of submissions.

b/ 1. Machinery, heavy metallurgical products and equipment;
2. Precision industry;
3. Light and consumer goods;
4. Textiles, clothing and footwear;
5. Food, beverages and tobacco;
6. Petroleum, chemical and pharmaceutical products.

Overall 31 per cent of the enterprises had heard of UNIDO (see Table 17). The proportion is understandably higher for larger enterprises (51 per cent) than for smaller ones (22 per cent). Extreme cases were Group 6, which had, overall, an 82 per cent awareness score and Group 4 with a 7 per cent score. It should be noted, that in the majority of cases, enterprises having heard of UNIDO know about this organization only by hear-say and are not at all informed of what services it can offer. However, 73 per cent of enterprises asked for the booklet describing UNIDO's structure and activities.

III. IDENTIFICATION OF REDEPLOYMENT OPPORTUNITIES

On the basis of research undertaken, a tentative selection of about 60 enterprises interested in relocating part of their resources was made. For each enterprise a Redeployment Opportunity Identification Sheet (see page 26 for a sample) was established. Since the information contained in these sheets was given confidentially, it cannot be disclosed without prior approval from the companies concerned. The objective of this exercise was to provide UNIDO with a portfolio of redeployment "candidates", together with the candidates' respective profiles. Particular attention was given to the type of products manufactured, the forms of redeployment envisaged, and the developing countries selected for relocation. The enterprises selected cover the entire range of companies surveyed (from 5 to 20,000 employees) and all industrial subsectors and can be considered representative of the redeployment-oriented industries in Switzerland.

IV. CONCLUSIONS AND RECOMMENDATIONS

On the basis of the statistical findings it is possible to estimate the number of Swiss industrial enterprises which are liable to redeploy at least part of their production capacities to the developing countries. The theoretical proportion of enterprises with redeployment potential is 35 per cent of all

Table 17. Awareness of UNIDO

(By industrial group and size of enterprise)[a/]

Industrial groups	Enterprises	Answers	Yes		No	
		Number	Number	Percentage	Number	Percentage
1. Machinery, heavy metallurgical products and equipment	Large	16	8	50	8	50
	Medium/small	24	4	17	20	83
	Total	40	12	30	28	70
2. Precision industry	Large	9	5	55	4	45
	Medium/small	15	4	27	11	73
	Total	24	9	37	15	63
3. Light and consumer goods	Large	4	0	-	4	100
	Medium/small	32	8	25	24	75
	Total	36	8	22	28	78
4. Textiles, clothing and footwear	Large	1	1	100	0	0
	Medium/small	14	0	0	14	100
	Total	15	1	7	14	93
5. Food, beverages and tobacco	Large	3	1	33	2	67
	Medium/small	1	0	0	1	100
	Total	4	1	25	3	75
6. Petroleum, chemical and pharmaceutical products	Large	6	5	83	1	17
	Medium/small	5	4	80	1	20
	Total	11	9	82	2	18
7. All groups	Large	39	20	51	19	49
	Medium/small	91	20	22	71	78
	Total	130	40	31	90	69

a/ Figures based on the number of submissions.

OPPORTUNITY IDENTIFICATION SHEET NO.

DATE:

INDUSTRIAL GROUP:

1. Name of Enterprise:

2. Address:

Telephone:

3. Contact: Name:

Position:

4. Working Language: German ☐ French ☐

5. Total Number of Employees: 6. Turnover: SFr.m.

7. Main Products:

8. Forms of Redeployment Envisaged:

Capital	☐	Research and development facilities	☐
Sub-contracting	☐	Management	☐
Licensing	☐	Training	☐
Technology	☐	General interest	☐

Other (specify) ☐

9. Time Horizon:

Within 2 years ☐

Not before 2 years ☐

10. Countries Selected:

11. Comments:

existing enterprises. This figure should be reduced to a more realistic estimate of 20 per cent to account for the very small firms (i.e. less than 20 employees), which are less likely to redeploy than large or even medium-sized firms. As there are just over 10,000 industrial enterprises in Switzerland,[1/] the total "market" for redeployment opportunities can be estimated at about 2,000 enterprises, which, given the small size of Switzerland, is a considerable number. This survey has shown that industrial Groups 2 and 6 have an above-average redeployment interest ratio. On a branch basis therefore, results may be different. Furthermore, the type of products considered may change the overall pattern. Clearly, most redeployment opportunities will be found in relatively unsophisticated production: goods early in the product cycle and technologically advanced products with high value added ratios will tend to remain in Switzerland, while the manufacture of many standard consumer products and unsophisticated machinery is increasingly redeployment-oriented. Thus, despite the fact that a redeployment strategy is being considered by a significant number of Swiss enterprises, the implementation of redeployment projects is not always perceived as being feasible.

It is evident that firms are reluctant to invest in developing countries because of the high economic risk involved. Relatively few enterprises are willing to transfer capital assets. On the contrary, co-operation with developing countries based on know-how and technology transfers are more favourably considered. Training is also well accepted, preferably, however, when it is based in Switzerland. Sub-contracting to developing countries is considered unpractical because of communication problems and the need for many industries to react at short notice to offer "custom service" which requires close contact with the market. Besides, production series are often small due to the technical nature of products. Research and development services are considered to be an exclusive headquarters responsibility, requiring highly skilled personnel and daily exposure to industrialized markets where the technologically oriented environment is more conducive to the development of new products and processes and are thus never mentioned in the context of redeployment. Finally, the transfer of management skills is not considered a feasible form of redeployment. This can be attributed to the shortage of manpower in Switzerland and to the lack of management time available, especially in a period of recession.

1/ The number is 10,351 according to the Annual Report, 1974, of the Swiss Association of Trade and Industry.

The following obstacles to redeployment were frequently mentioned in the survey responses:

Obstacles due to conditions prevailing in the Swiss industrial sub-sectors:

(a) Generally speaking, enterprises are more concerned with utilizing more of their present production capacity than with redeployment. Market development aimed at boosting exports and therefore domestic production is at present the objective of the majority of Swiss enterprises. This is partly due to the unfavourable economic climate prevailing since the end of 1974, but it also reflects - for reasons linked with tradition, practicality and security - the preference for locally (i.e. Swiss) based production units. Redeployment is still very much considered as an adventure, or at best, as an experiment.

(b) Providing the existing Swiss market with a particular industrial product has limited potential. The total Swiss market is small (population: 6.3 million) and the local industrial production is already largely export oriented (25 per cent of gross national product). Industries in Groups 1 and 2 export, on the average, 75 per cent of their production (watch industry: 96 per cent); Group 6 exports 70 per cent (fragrances and perfumes: 95 per cent); Group 5 exports about 60 per cent. To a certain extent the supply of the Swiss market can be considered as an off-shoot of a basically export-oriented industry.

(c) Siwss enterprises are reluctant to export from a developing country to other areas, whether industrialized or developing. It is generally felt that the image of developing countries as manufacturing countries is not widely accepted (even by developing countries themselves) and that, rightly or wrongly, products from developing countries are considered by consumers to be of inferior quality. Many enterprises stress the importance, for their own manufactured goods, of the "Swiss made" label.

(d) Swiss industrial enterprises, under pressure due to labour shortages and high labour costs, have become competitive. The dramatic labour shortage which prevailed in Switzerland between 1960 and 1974, and the subsequent spectacular wage increases,

led enterpri es to concentrate on productivity and quality. Production was oriented towards high quality, specialized goods for which a considerable degree of automation was possible. As a result, Swiss industry has become extremely competitive and has been able to resist much of the attacks from areas with low labour costs. The need for redeployment is therefore not felt intensively by the majority of Swiss enterprises.

(e) For the textile and footwear industries, redeployment is virtually completed. These industrial branches, which were must vulnerable to competition from developing countries, started redeploying production capacity, or abandoning labour-intensive, low-quality production methods in the 1960's. Thus, the scope for further redeployment in these branches is practically non-existent - all that could be produced competitively outside Switzerland has been abandoned or transferred. Furthermore, the traditional labour force used in this industry is disappearing: Swiss women are more and more reluctant to undertake sewing work.

(f) Trade unions are cool towards redeployment projects. Though the attitude of Swiss trade unions was remarkably positive on the question of redeployment, at one time seen as the only way to slow down immigration, since the 1974 recession labour organizations have tended to be more reserved on this issue. The wish of the trade unions is that the redeployment process, which is considered as inevitable, should not be rushed. The main concern is that no jobs should be transferred out of Switzerland before alternative occupations are found inside the country. That is, the trade unions are concerned with what kind of occupations can be found for workers when redeployment becomes inevitable.

<u>Obstacles due to conditions prevailing in developing countries</u>:

(a) Low productivity often outweighs lower labour costs. The low qualification of labour in developing countries is seen as the major obstacle to profitable redeployment. According to some estimations, the production time for the same product is up to

three times more in a developing country than in Switzerland. In addition, the quality is frequently considered to be below standard. A study conducted by a leading enterprise in the precision instruments industry showed that redeployment would not necessarily be a profitable venture. It is remarkable that redeployment to the United States is often seen as an alternative to redeployment to developing countries. The United States offer the Swiss industry lower labour costs, high productivity and the largest single market in the world.

(b) Enterprises in developing countries often seek short-term profits, rather than long-term development. Many Swiss enterprises claim that it is difficult to find a suitable partner for redeployment ventures. Entrepreneurs in developing countries are believed to prefer importing to manufacturing because of the lower risk and higher profitability involved.

(c) Frequent complaints are often voiced about restrictive investment policies in developing countries. The restriction of ownership to less than 50 per cent of capital and compulsory production site locations away from major consuming areas (because of a decentralization policy) are seen as constraints. Government assistance in the implementation stage is considered inadequate in many cases, though the government is recognized as the most likely source of information and aid. For example, custom duties or import restrictions on raw materials or spare parts are not always lifted in time, though such arrangements have been agreed upon as prerequisite for redeployment.

Obstacles due to difficulties of communication between industrialized and developing areas:

(a) Swiss enterprises are poorly informed about manufacturing abilities, potentials and capacities existing in developing countries. This is particularly true for medium- and small-scale businesses which have had little or no exposure to developing countries. The industrial plans, even of the largest countries, are unknown to the majority of enterprises.

(b) Differences in mentality and approach to industrial development are also considered a problem. Free enterprise is the prevailing

principle of economic organization in Switzerland, and industrial managers are used to a considerable amount of freedom of action in their affairs and very little State intervention. Since many developing countries State-dominated industrial structures, there are difficulties on both sides to communicate with and understand the partner organization.

(c) International organizations in general are not perceived as being placed in the best position to assist industrialists, on a practical level, to redeploy production. There are three main reasons for this attitude:
- International organizations are not integrated in the economic system of the different partner countries;
- International organizations tend to be "impersonal";
- International organizations are often influenced by political considerations.

To bridge this credibility gap, the role of UNIDO in the development of redeployment policies by the Swiss industry could be oriented in three major directions:

- Identification of needs and opportunities;
- Promotion of specific redeployment projects;
- Assistance in the implementation of such projects.

Identification of needs and opportunities:

A systematic inventory of the requirements and priorities of developing countries would help to identify redeployment opportunities. Focus should be on small-scale industries, which are often more labour-intensive than the larger concerns: wood industries, handicrafts, light machinery and equipment, small electrical machines, repair and maintenance shops, etc. These are areas where, with little risk on either side, concrete results could be obtained more rapidly and which could serve as starting points for more ambitious projects. An inventory of the specific requirements of Swiss enterprises would also be of considerable help in defining ideal redeployment conditions. Profiles which define, for example, the availability of suitable infrastructure, raw materials, labour qualification, government incentives, etc., could be drawn up on a sectoral or even unit basis. If such data is to be of practical value, it is important that it be as specific and as disaggregated as possible. Country profiles could have the following format:

COUNTRY PROFILE SUMMARY

1	2	3
Basic Statistical Survey	Industrial Sector	Industrial Policies and Institutions
Population: Total Density Growth	Size: Agro-based industries Mineral-based industries Manufacturing industries	Industrial policies: Incentives Investment law Tax structure Tariff policy
Employment: Agricultural sector Industrial sector Service sector	Development potential: Output Productivity Competitivity Key success factors Constraints	Industrial institutions: Planning Financing Research
Foreign trade: Imports Exports	Industrial opportunities: Large-scale Medium/small-scale Export-oriented	Industrial strategies: Priorities Specific projects
Balance of payments:		

UNIDO could assist industries in Switzerland in identifying the specific elements of given production units which could be profitably redeployed. This is particularly true of "invisible" capacities, such as non-proprietory know-how, technology, management, etc. Many of these skills, which are considered "normal" in Switzerland, may well be new to some developing countries, where they could serve to extend production capacities and flexibility. In this respect, special attention should be given to medium- and small-scale enterprises which cannot always place these factors in perspective because of their limited exposure to business practices in developing countries. Another reason for focusing on medium and small businesses is that many such businesses consider

themselves too small to redeploy. Examples showing that an industry is never too small to redeploy could be clearly and fully explained. Finally, UNIDO is in a unique position to co-ordinate information gathered in many countries and bring together firms of several developing countries to participate together in redeployment projects. This "multinational redeployment" could overcome obstacles such as risk, small size of business, capital out-lay, etc. Again, opportunity identification profiles should be systematically worked out.

Promotion of specific redeployment projects:

Effective promotion can only be carried out by "people on the spot". Experienced representatives with in-depth knowledge of the Swiss industry and economic conditions in developing countries could be assigned to monitor continuously redeployment opportunities in the different industrial sectors and actively promote redeployment projects in the appropriate quarters. Experience shows that industrialists prefer direct, personal and relatively informal contacts with individuals to dealing with organizations which cannot offer the same flexibility. It could therefore be considered by UNIDO, in collaboration with Swiss authorities, to institutionalize the promotion of redeployment by appointing a suitable organization to act as a Liaison Office in Switzerland. This organization could, in fact, be a permanent secretariat of a "Redeployment Information Centre", to which the Swiss Government departments concerned with industry, trade and development, relevant industrial associations and organizations and trade unions would belong. Such a set-up would give UNIDO permanent representation in Switzerland, which, in turn, could initiate action and provide information feedback, and visiting UNIDO staff with a working base in the field. Identification of suitable partners in developing countries appears to be a major difficulty for Swiss entrepreneurs. UNIDO could assist, directly or through appropriate representatives, in introducing decision-makers from industrialized and developing countries to each other. To be effective, such contacts should be made on a branch or even enterprise level. Symposia could take place in the country of one of the partners in order to stress a practical approach to redeployment.

Redeployment could be promoted by a number of specific measures, such as:

(a) Well-documented and factual brochures on existing redeployment opportunities of potential interest to Swiss enterprises could be prepared and circulated to the specific subsectors concerned;

(b) Information sheets on feasibility studies already carried out could be made available to interested parties;

(c) Short, factual write-ups on successful redeployment could be circulated to the appropriate industrial subsectors and personally addressed to decision-makers at the top management level;

(d) In order to develop personal contacts with, and bring first-hand information to, selected enterprises, visiting campaigns by UNIDO staff members could be organized;

(e) Regular press meetings and professional public relation campaigns, such as symposia, conferences, participation in industrial exhibitions, etc., could be used to provide further publicity.

Assistance at the implementation stage:

The financing of redeployment projects, especially when the transfer of physical units is envisaged, is a major preoccupation among industrial managers. Of particular concern to Swiss investors is the continuous appreciation of the Swiss franc, thus necessitating specific guarantee procedures against losses due to monetary fluctuations. UNIDO, as a member of the United Nations system, might facilitate access to international funds, such as those of the World Bank and the United Nations Development Programme, etc. Publicizing the financial services available to industries and assisting enterprises in obtaining information and in filing requests could considerably speed up the redeployment process. As well, an international investment guarantee model could give redeployment a decisive boost. In this respect, UNIDO might play a role by initiating appropriate action (preliminary studies and proposals) at the international level.